

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 10, 2013

Item 4, Report No. 17, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on December 10, 2013.

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ELECTION RESERVE CONTRIBUTION

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the City Clerk, dated December 2, 2013:

Recommendation

The City Clerk in consultation with the Acting Commissioner of Finance & City Treasurer recommends:

1. That contributions to the Election Reserve be increased by \$50,000 in 2014; and
2. That any impact associated with this report be included in the Draft 2014 Budget and 2015-2017 Plan.

Contribution to Sustainability

The administration of fair elections in an impartial manner is a fundamental statutory responsibility of municipal clerks in Ontario. The highest priority for a municipal clerk in the course of an election is to carry out duties in accordance with the provisions of the *Municipal Elections Act, 1996*, and within an established set of election principles. It is also the responsibility of election administrators to manage expenditures and other resources in a manner which contributes to the financial and operational sustainability of the municipality.

Economic Impact

An Election Reserve has been established to fund elections, recounts and by-elections with the balance in the account at present being approximately \$750,000. The annual contribution was increased to \$400,000 for 2013, as a phased approach pending a further report on the projected costs of the 2014 election.

Committed expenditures currently funded from the reserve include annual payments for tabulator leasing at \$136,000 per annum, contracted Voters' List services at \$6,100 per annum, and the salary and benefits of the Elections Coordinator. Based on the reserve forecast an additional annual contribution in the amount of \$50,000 is required to minimally meet election requirements.

The City Clerk has an Additional Resource Request submitted for consideration during the 2014 Budget and 2015-2017 Plan deliberations, which proposes that the Election Coordinator be funded directly from the City Clerk's Office operating budget. This request has a zero net operating impact and does not affect the reserve position as this increase will be accommodated by adjusting the election reserve contribution and associated expenses.

Table 1 below sets out in greater detail the economic impact of making the budget adjustments noted in this report and increasing the reserve contribution by \$50,000 in 2014. This equates to an approximate 0.03% tax rate increase.

Communications Plan

No specific communications are planned for the election budget, as it will form part of the overall City budget. As in the 2010 general municipal election, a communication strategy will be undertaken to support the election itself.

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Purpose

The purpose of this report is to facilitate contributions to the Election Reserve account so as to minimize the potential for shortfalls in the funding of the general municipal and school board elections in 2014 and beyond.

Background - Analysis and Options

The City Clerk has the statutory responsibility to conduct municipal elections and has in previous reports set out preliminary forecasted expenditures required to carry out the statutory and logistical requirements for delivering a fair and unbiased election in accordance with the *Municipal Elections Act, 1996* and the principles that guide municipal clerks in their election related duties. By its adoption of Finance and Administration Committee Report No. 15, Item 7, on February 5, 2013, Council considered and adopted the most recent report relating to Election Reserve contributions.

In preparing preliminary estimates for the 2014 election, the City Clerk is taking into account the 2010 experience and will incorporate measures to improve the voting process. At its May 24, 2011 meeting, Council approved Item 2 of Report No. 29 of the Committee of the Whole (Working Session) titled, "Learning from the Election – Preparations for the 2014 Municipal and School Board Elections" which set out a number of planned initiatives to improve upon the 2010 election event.

In previous reports the working estimate for advance voting and voting day in 2014 was stated to be approximately \$1.1 million to cover such matters as voting day staffing, additional tabulator deployment, printing, postage, communications and hardware acquisition and leasing. The total cost of the election (four year total), after including committed annual expenditures such as the annual cost for the base number of leased tabulators, the salary and benefits for the Elections Coordinator, and contracted voters' list services, was estimated to be approximately \$1.8 million. Maintaining the existing annual funding contribution of \$400,000 and the status quo approach to committed expenses will result in a projected closing balance insufficient to carry out election exigencies (such as a by-election). Staff recommend as shown in Table 1 that the annual contribution be increased by \$50,000 for 2014, as a further phasing-in to establish a reasonable reserve for funding election events in 2014 and beyond. Adjustments in reserve funding will be the subject of future reports.

It should be noted that the recommended increase in Election Reserve funding may still limit the City Clerk's ability to conduct recounts or by-elections post 2014 election, and even to investigate other voting methodologies such as internet voting for considered implementation in 2018. Without further increases, the Election Reserve will not support the actual implementation of internet tools as an additional voting channel. Should a recount or by-election occur, other sources of funding may be necessary until the Election Reserve is fully funded. Nevertheless, the recommended phased approach to increasing funding levels is respectful of the City's careful approach to limiting impacts on the tax rate.

A further report on the sufficiency of the election reserve for the purpose of funding a ward boundary review following the 2014 election will be prepared once a financial assessment of 2014 actuals has been completed and a preliminary work plan established.

Table 1 below reflects the proposed funding changes which impact the Election Reserve. The most significant changes are:

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Estimated Cost of Election Expenditures

Prior to the transfers noted in this report, the City Clerk's working estimate for the in-year cost of 2014 election administration was \$1,100,000. After the transfer of the Election Coordinator's salary, and noting additional expenditures such as for supplementing tabulator distribution, the current working estimate is \$1,024,000.

Permanent Salary transfer to the City Clerk's Office (CCO) Operating Budget

The City Clerk has proposed transferring the salary and benefits of the Election Coordinator to the City Clerk's Office (CCO) operating budget. Currently, the Election Coordinator is funded from the Election Reserve, however the CCO operating budget is the source of all other expenses attributed to the Election Coordinator. The transfer of this position and funding to the CCO budget will result in a reduced contribution to the Election Reserve and associated expenses. As such, there is no financial impact as a result of the transfer and conversion.

Annualized Tabulator Payments

Prior to the 2010 election, the City entered into a tabulator contract that provided tabulating equipment and associated services for the 2010 and 2014 elections which resulted in a payment stream of approximately \$136,000 including applicable taxes per year over the five years 2010-2014. Although a similar arrangement is not foreclosed for future elections, without undergoing a competitive bidding process staff are unable to predict whether the opportunity to spread payments over two elections will again be available. The expenditure projection therefore predicts that payments for tabulation equipment for future elections will be made in the year of the election.

Increasing Annual Reserve Contributions

Increasing the annual contribution to the reserve by \$50,000 continues a phasing-in approach established in prior years. The objective is to create an election reserve sufficient to cover the cost of future election events, including potential recounts and by-elections. The reserve should also be sufficient to provide for additional election tools and scope in recognition of the growing sophistication of election administration in a municipality the size of the City of Vaughan. The increased contribution also supports such expenditure increases as deemed necessary for the proper administration of the election that may come about as a result of the continued detailed planning process for the event. For example, current plans assume that wireless network support will be available in all City facilities used as voting places in 2014. If that assumption proves to be incorrect, additional expenses will be required to facilitate that service.

The following table sets out the impact of maintaining current reserve contribution rates versus increasing the annual contribution as recommended in this report. At current rates, the Election Reserve will have a minimal projected surplus of under \$10,000 following the 2014 election (providing essentially no buffer for unanticipated expenses). Current funding levels will also lead to a projected deficit after the 2018 election in the order of \$200,000.

At the recommended funding level, the Election Reserve is projected to have a closing balance of almost \$60,000 following the 2014 election and a \$40,000 positive balance following the 2018 election. As noted above, the projections do not adequately take into account expenditures for future new voting methodologies or the conduct of a robust ward boundary review prior to the 2018 election. Future increases in contributions to the reserve will be required to provide a sustainable source for election year funding and election related exercises.

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Table 1: Election Reserve Forecast

Election Reserve Forecast	2013	2014	2015	2016	2017	2018
Opening Balance		751,031	9,258	222,690	498,618	777,374
Contribution Adjusted for ARR		278,350	278,350	278,350	278,350	278,350
Interest		3,877	1,183	3,678	6,506	2,854
Total Contributions		282,227	279,533	282,028	284,856	281,204
Committed Election Expenses		(159,780)	(6,100)	(6,100)	(6,100)	(6,100)
Election Expense Estimate		(864,220)				(890,147)
New Tabulator Lease						(380,000)
Election Rebate Program			(60,000)			
Total Election Expenses		(1,024,000)	(66,100)	(6,100)	(6,100)	(1,276,247)
Closing Balance	751,031	9,258	222,690	498,618	777,374	(217,668)
Revised Balance after Proposed Additional Contributions						
Opening Balance		751,031	59,514	323,718	650,938	981,511
Additional Funding		50,000	50,000	50,000	50,000	50,000
Additional Interest		256	771	1,292	1,818	2,349
Additional Contributions		50,256	50,771	51,292	51,818	52,349
Closing Balance	751,031	59,514	323,718	650,938	981,511	38,817

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities set by Council as set out in the Strategic Plan particularly:

ORGANIZATIONAL EXCELLENCE -

Ensure Financial Stability

SERVICE EXCELLENCE -

Demonstrate Excellence in Service Delivery

STAFF EXCELLENCE -

Demonstrate Effective Leadership

Regional Implications

N/A

Conclusion

Preparations for the 2014 election began after the 2011 York Catholic District School Board by-election and have run concurrently with the Contribution Rebate Program and the Compliance Audit Process. The lessons learned from the administration of the 2010 Elections are integral to the planning effort for the 2014 events.

Given the scope and magnitude of election administration, the City Clerk is recommending an increase to the reserve contribution at this time so that preparations can be suitably resourced and all the required elements of the election can be implemented in a timely and professional manner. This report also forecasts that future increases in Election Reserve funding will be required to ensure a sustainable source of funding for election administration and related activities.

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Attachments

N/A

Report prepared by:

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